

Message Text

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PAGE 01 SANTIA 04446 01 OF 02 131520Z
ACTION ARA-14

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PA-02 SIL-01 XMB-04 /044 W

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FM AMEMBASSY SANTIAGO

TO USDOC WASHDC

INFO SECSTATE WASHDC 9503

AMEMBASSY MEXICO

AMEMBASSY LIMA

AMEMBASSY BOGOTA

USICA WASHDC

UNCLAS SECTION 1 OF 2 SANTIAGO 4446

USDOC FOR WELCH, BED/OIM

EO 11652: NA

TAGS: BEXP, CI

SUBJ: SHOW REPORT - MACHINE TOOL VC/E AMEMBASSY SANTIAGO, MAY
23 - 26, 1978

REF: USDOC 3824

1. TOTAL SHOW ATTENDANCE EXCEEDED 500 PERSONS WITH MANY COMPANIES SENDING TWO OR THREE MANAGERS AND SEVERAL OF THE LARGEST FIRMS SENDING GROUPS OF TEN OR MORE. NET RESULTS WERE 514 REQUESTS FOR FURTHER INFORMATION MADE BY A TOTAL OF 144 COMPANIES. NEARLY ALL VISITORS STAYED OR RETURNED A SECOND DAY TO VIEW ENTIRE THREE AND A HALF HOURS OF VIDEO-TAPES. AMBASSADOR LANDAU'S RECEPTION WAS PARTICULARLY SUCCESSFUL, DRAWING 95 TOP PROSPECTS AND TRADE OFFICIALS. EXECUTIVES FROM 23 FIRMS LOCATED OUTSIDE OF GREATER SANTIAGO ATTENDED TO SHOW INCLUDING TWO WHO TRAVELED 950 MILES FROM THE HUGE CHUQUICAMATA COPPER MINE. FOURTEEN AGENT/DISTRIBUTORS ALSO ATTENDED SHOW, AS WELL AS NUMEROUS GOVERNMENT AND TRADE ASSOCIATION PERSONNEL.

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PAGE 02 SANTIA 04446 01 OF 02 131520Z

2. LOCAL AGENTS FOR FOUR OF THE THE EXHIBITING COMPAINIES HAD REPRESENTATIVES PERIODICALLY ON EXHIBIT FLOOR. THEY REPORTED SEVERAL SALES AND MANY GOODS LEADS. THE IMTS SHOW IN CHICAGO WAS ALSO HEAVILY PROMOTED; WE RECEIVED TENTATIVE COMMITMENTS FROM 15 PERSONS TO ATTEND. SEVERAL EXPRESSED THEIR INTENTION OF ORDERING MACHINE TOOLS IN

CHICAGO.

3. NMTBA TECHNICAL REPRESENTATIVE JESSE MAFFUID, AFTER TALKING WITH MANY SHOW VISITORS, ESTIMATED CHILEAN MACHINE TOOL MARKET POTENTIAL AT \$ 1 MILLION IN SALES THIS YEAR. MAFFUID WAS INVITED TO VISIT TWO OF CHILE'S LARGEST MACHINE TOOL USERS (STATE COPPER COMPANY AND AIR FORCE REPAIR FACILITY) AND SEVERAL OTHER COMPANY MANAGERS RETURNED TO GIVE MAFFUID EXACT SPECIFICATIONS OF THEIR FUTURE MACHINE TOOL REQUIREMENTS. FROM THESE, MAFFUID DEVELOPED A SERIES OF TRADE OPPORTUNITIES TO DISTRIBUTE THOROUGH HIS NMTBA CHANNELS.

4. ONE LOCAL AGENT, IMPRESSED BY HIGH ATTENDANCE AND INTEREST AT SHOW (HE SOLD TWO MACHINES), HAS OFFERED TO DISPLAY BRIDGEPORT MACHINES IN THE AMERICAN PAVILION OF THE SANTIAGO TRADE FAIR (FISA) IN OCTOBER. HE WOULD ALSO LIKE TO REPRESENT DO-ALL AND DISPLAY THEIR MACHINERY AT THE FAIR AS WELL. ANOTHER AGENT WANTS TO REPRESENT PRD AND TOLD EMBOFF HE ALREADY HAS A CUSTOMER READY TO BUY. A THIRD AGENT, WHO REPRESENTS WHITNEY, THOUGHT MACHINES PRESENTED ON VTR'S WERE TOO SOPHISTICATED FOR LOCAL MARKET. HE DID HOWEVER BRING SEVERAL OF HIS CUSTOMERS TO THE SHOW AND SOLD A LESS SOPHISTICATED WHITNEY MACHINE TO ONE OF THEM. ALL AGENTS THOUGHT SHOW WOULD HELP U.S. POSITION IN MARKET AND HAD HELPED TO RE-AWAKEN A LONG DORMANT MARKET.

UNCLASSIFIED

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PAGE 03 SANTIA 04446 01 OF 02 131520Z

5. THE SHOW WAS VERY TIMELY. AS CHILE'S ECONOMIC RECOVERY CONTINUES, MANY MANUFACTURERS HAVE COME TO REALIZE THEY MUST MODERNIZE THEIR FACTORIES IN ORDER TO COMPETE WITH THE FLOOD OF IMPORTS CHILE'S FREE-TRADE/LOW TARIFF POLICIES NOW ALLOW. FEW U.S. MACHINE TOOLS HAVE BEEN SOLD IN CHILE SINCE THE EARLY 1970S. THE IMPORT DUTY ON CAPITAL EQUIPMENT ALSO MAKES TIMELY THE UPCOMING USDOC-SPONSORED EVENTS IN PLASTIC AND TEXTILE MACHINERY.

6. TODAY CHILE'S MACHINE TOOL MARKET IS DOMINATED BY CHEAPER AND MORE EASILY FINANCED BRAZILIAN AND ARGENTINE MACHINERY. HISTORICALLY IT WAS HEAVY IN WEST GERMAN AND LATER CZECHOSLOVAKIAN EQUIPMENT. VIRTUALLY EVERY POTENTIAL CUSTOMER AND TRADE ASSOCIATION LEADER WHO TALKED WITH EMBOFFS OR NMTBA REPRESENTATIVE DURING SHOW QUERIED AVAILABILITY OF EX-IM BANK OR SUPPLIERS' CREDIT. ARGENTINA AND BRAZIL OWE THEIR MARKET DOMINANCE LARGELY TO VERY FAVORABLE CREDIT LINES WITH CHILE.

7. SHOW'S SUCCESS OWES MUCH TO EXCELLENT USICA SUPPORT. THE SHOW WAS HELD AT LOCAL BINATIONAL CENTER. A SPECIAL

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PAGE 01 SANTIA 04446 02 OF 02 131525Z
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UNCLAS SECTION 2 OF 2 SANTIAGO 4446

USDOC FOR WELCH, BED/OIM

DISPLAY ENCOURAGED THE USE OF THE EMBASSY COMMERCIAL
LIBRARY, ALSO LOCATED THERE. USICA EXHIBITS SECTION
MOUNTED AN ATTRACTIVE DISPLAY SUPPLEMENTED WITH MATERIAL AND
EQUIPMENT LENT BY TRADE ASSOCIATIONS AND MACHINERY DISTRIBUTORS.
PRESS SECTION OBTAINED VERY GOOD MEDIA COVERAGE. ALL AUDIO-
VISUAL EQUIPMENT AND TECHNICIANS WERE ALSO SUPPLIED BY USICA.

8. MEDIA COVERAGE INCLUDED EIGHT NEWS AND FEATURE ARTICLES
APPEARING IN SANTIAGO'S MAJOR DAILIES AND NEWS MAGAZINES
DURING SHOW PERIOD. ARTICLES ALSO APPEARED IN A METAL INDUSTRY
TRADE ASSOCIATION BULLETIN, SANTIAGO CHAMBER OF COMMERCE BULLETIN,
AND THE EMBASSY'S COMMERCIAL NEWSLETTER.

9. WE CONGRATULATE USMC MEXICO FOR FINE SHOW BROCHURE AND
EXCELLENT QUALITY OF VTR TRANSLATIONS. A CENTRALLY PRODUCED
CATLOG RESULTED IN A CONSIDERABLE SAVING IN PRINTING COST AND
EMBASSY PERSONNEL RESOURCES. USDOC BUDGET ALLOWED EMBASSY TO
CONTRACT FOR LOCAL HIRE EMPLOYEE TO DEVELOP 800 PERSON MAILING
LIST, MAKE TELEPHONE CALLS TO TOP 100 PROSPECTS AND IN OTHER
UNCLASSIFIED

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PAGE 02 SANTIA 04446 02 OF 02 131525Z

WAYS PROMOTE SHOW. FOUR PERSON/WEEKS DID NOT, HOWEVER, ALLOW FOR SUFFICIENT POST SHOW FOLLOW-UP AND REPORTING. SIX PERSON/WEEKS WILL BE NEEDED FOR FUTURE SHOWS OF LIKE OR GREATER SIZE.

10. THE ONLY DISAPPOINTMENT WAS THE NO-SHOW OF THREE COMPANY CATALOGS: DO-ALL, KYSOR, AND VERNON. MOREY CATALOG ARRIVED THE DAY SHOW OPENED AND KYSOR THE WEEK AFTER. ALTHOUGH THESE COMPANIES' VIDEO-TAPES WERE SHOWN, LACK OF CATALOG EXPOSURE WAS UNFAVORABLE NOTICED. THOSE COMPANIES SENDING PHOTOS AND SEVERAL DIFFERENT CATALOGS HAD A FAR MORE ATTRACTIVE AND INFORMATIVE DISPLAY.

11. LISTS OF CATALOGS REQUESTS ARE BEING FORWARDED TO PARTICIPATING FIRMS AND LOCAL AGENTS, WITH COPIES SENT TO CMM WELCH, FRED GAYNOR IN SAD, AND MAFFUID AT NMTBA. ENGLISH VERSION OF VTR RETURNED TO USDOC. SPANISH VERSION VTR BEING RETAINED AT POST FOR FUTURE SHOWINGS, INCLUDING COMMITMENTS ALREADY MADE TO LOCAL TECHNICAL UNIVERSITY, COPPER COMPANY, AND SEVERAL LOCAL AGENT/DISTRIBUTORS. LANDAU

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